

Senate Study Bill 1033 - Introduced

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL BY
CHAIRPERSON BOLKCOM)

A BILL FOR

1 An Act relating to the definition of agricultural property for
2 property taxation purposes.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 441.21, Code 2011, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 13. *a.* Beginning with valuations
4 established on or after January 1, 2012, as used in this
5 section, "*agricultural property*" shall not include any parcel
6 of real estate upon which a building that is primarily used or
7 intended for human habitation is located unless such parcel is
8 in good faith used primarily for agricultural purposes and one
9 of the following conditions are met:

10 (1) The parcel and the improvements and structures located
11 on such parcel, other than the building used or intended for
12 human habitation, are used for the production of not less than
13 ten acres of row crops. For purposes of this section, "*row*
14 *crops*" includes acres under the conservation reserve enhancement
15 program or the conservation buffer strip program under chapter
16 466 and the federal conservation reserve program, but does not
17 include acres used for hay production unless such acres are
18 part of crop rotation that includes row crops in the rotation.

19 (2) The parcel of real estate and the improvements and
20 structures located on such parcel, other than the building
21 used or intended for human habitation, produce a five-year
22 average of not less than two thousand dollars of net income per
23 year from farming or ranching. The assessor shall consider
24 initial start-up costs and other relevant short-term commodity
25 market factors when classifying a parcel of real estate that
26 has not produced a five-year average net income per year of two
27 thousand dollars or more from farming or ranching. Net income
28 produced by the parcel of real estate shall be certified to the
29 assessor on forms prescribed by the department.

30 *b.* Contiguous parcels that are owned by the same taxpayer
31 may be combined for determining the primary use, number of
32 acres used for the production of row crops, or net income from
33 farming or ranching under paragraph "*a*".

34 *c.* A building primarily used or intended for human
35 habitation that is located on a parcel classified as

1 agricultural property pursuant to the requirements of paragraph
2 "a" shall be valued as rural residential property pursuant to
3 subsection 6.

4 EXPLANATION

5 This bill amends the definition of agricultural property for
6 property taxation purposes.

7 The bill provides that beginning with real property
8 valuations established on or after January 1, 2012,
9 agricultural property shall not include any parcel of real
10 estate upon which a building that is primarily used or intended
11 for human habitation is located unless that parcel is in good
12 faith used primarily for agricultural purposes and the parcel
13 and the improvements and structures located on such parcel,
14 other than the building used or intended for human habitation,
15 are used for the production of not less than 10 acres of row
16 crops or produce a five-year average of not less than \$2,000
17 per year of net income from farming or ranching.

18 The bill includes provisions relating to the definition
19 of row crops and requires the county assessor to consider
20 specified factors for parcels of real estate that do not meet
21 the net income requirements of the bill.

22 The bill allows contiguous parcels that are owned by the same
23 taxpayer to be combined for determining the primary use, number
24 of acres used for the production of row crops, or net income
25 from farming or ranching.

26 The bill also provides that any building located on a parcel
27 that is classified as agricultural property pursuant to the
28 requirements of the bill and that is primarily used or intended
29 for human habitation shall be classified as rural residential
30 property for property taxation purposes and assessed in the
31 same manner as all other residential property.